RURAL
LIFE

The RADF Story:
An experiment that went right

In the late summer of 2006, 12 strangers gathered in Olds to imagine a new way to approach rural development in Alberta. I was one of them. We were asked to transform rural Alberta with $100 million.

Like you, we care deeply about this place. We lost sleep, burdened by the enormity of what we had been asked to do. Then we got to work.

At the end of this journey we're bound to thousands of Albertans who have worked with us to accomplish amazing things. We're delighted and proud, and we'd like to tell you why.

The Rural Alberta Development Fund received 786 applications. We worked with 396 organizations in 146 communities to fund 85 projects. Our outcomes were clear. Ninety per cent of the projects were successful.

In dollar terms, Albertans received a spectacular annual return on investment of 83 per cent.

How did we do it? What did we learn, along the way? We ask for 15 minutes of your time to read a story of innovation, leadership and empowerment. Grab a cup of coffee and join us.

Marie Logan
Chair, RADF Board of Directors

There are good ideas in every community in rural Alberta. RADF brings them to reality.

WE CAN BE THE BEST IN THE WORLD

In 2002, Deputy Premier Shirley McClellan established an MLA steering committee on rural development. From the beginning it seemed a generational challenge: how do we convince young rural Albertans to stay in their communities? Can we lure 30-year-olds who live in Edmonton or Calgary or Toronto to start businesses in rural Alberta?

RADF helps inspire and nurture a new generation of leaders in rural Alberta.
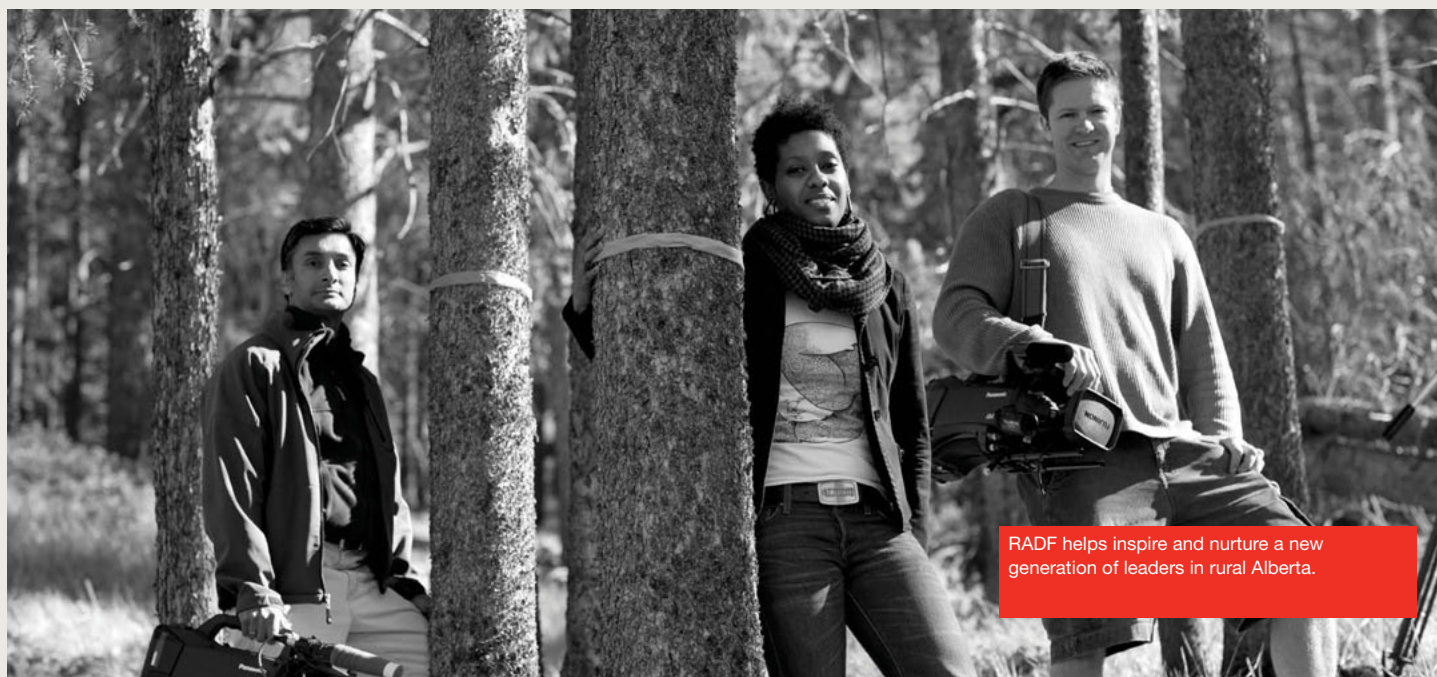
Fewer than 20 per cent of Albertans lived outside the big cities in 2002; our rural population had plummeted since the end of the Second World War and the future was looking bleak.

Doug Griffiths, a 29-year-old MLA from Ardrossan, travelled across the province asking questions and listening carefully to the answers. He was inspired and shocked, moved by what he learned. His official work inspired *Rural Alberta: Land of Opportunity,* the steering committee's report. His unofficial work inspired a speech, a book, a website, and a Twitter account called 13 Ways to Kill A Community.

Don't attract business, he suggested. Don't involve youth. Drive to the city to shop, don't paint and don't cooperate. Ignore seniors and new immigrants. Don't take risks. And, most importantly, don't take responsibility.

Those of us who love rural Alberta tend to love a fading idea: sunset walks down a gravel road on a flower-festooned main street. Griffiths challenged us to abandon nostalgia, to think harder.

His challenge lives in a document that coincided with Alberta's 100th birthday in 2005: *A Place to Grow.* The rural development vision and commitment was unambiguous: "Rural Alberta has vibrant and sustainable communities where rural and urban families, individuals, organizations, businesses, and governments are vital contributors to the growth, prosperity and quality of life of Albertans."

The strategy, however, was ambiguous: every community in the world wants to be vibrant and sustainable. Vitality is universally adored. What made this paper, this strategy, this exercise more meaningful than any other?

FORESHADOWING

Rural Alberta: Land of Opportunity and *A Place to Grow* identified four pillars essential for sustainable rural communities: economic growth, community capacity, health care, and education. In communities that hadn't boomed with oil and gas activity, all four of these pillars had been crumbling for years.

Behind the buzzwords in *A Place to Grow* lurked common themes, a few questions that seemed altogether new.

How can a rural Alberta community discover and embrace its uniqueness, its voice? How can a rural Alberta community impart new and imaginative solutions to old problems? How can Alberta — not just rural Alberta — develop and encourage brave new leaders?

How can a rural Alberta community discover, in its own civic DNA, an idea so big it could change everything? And when it finds that idea, what does it do next?

One section of *A Place to Grow* was entitled "Taking action to fire up rural communities", the type of language you don't often see in bureaucratic documents. That is, a fundamental call for change — fueled by hope and desperation. It recalls Griffiths' 13 Ways more than anything else in the document: this isn't something we can sit around in boardrooms, with coffee and water and whiteboards and Nanaimo bars, and discuss for another 20 years.

It's hard enough to be a rural nurse, physician or paramedic without doing your work on a helicopter. RADF supported the STARS Critical Care and Transport Medicine Academy.

If rural Albertans don't *do something,* quickly, the downward trends will continue ever slowly toward what we see today in New Jersey: cities surrounded more or less by industrial land.

"Clearly, this is a shared responsibility with leadership coming first and foremost from the communities themselves," according to the authors of *A Place to Grow.*

If it isn't an honest expression of these communities, whatever it is — an investment, a scheme, a piece of infrastructure — will run out of money soon enough and take its place next to the increasingly empty buildings of rural Alberta.

THE INCITING INCIDENT

The government decided to create an independent entity: Rural Alberta Development Fund. This not-for-profit company would fund innovative, community-led projects from anywhere but Edmonton and Calgary. There was an unusual set of parameters that would challenge conventional thinking:

Projects had to be original, sustainable and transferable. And, most unusual, this new entity could not fund capital projects.

It was, of course, an impossible goal: transform rural Alberta with $100 million and no buildings.

ACT ONE

The founding board of Rural Alberta Development Fund — 12 complete strangers aligned only by intent — met in Olds at the end of August 2006.

It started as an operational board. With no employees, RADF didn't have a choice. In those early days, RADF had to decide what it wanted to be. Would it be a granting agency like so many others that had come and gone before? Or would it pursue something grander than the money it distributed?

The most obvious and easiest way forward was to adopt a bureaucratic approach to doing business. There were several arms-length models to consider, tied to a number of government departments. The RADF board might have brought in a consultant to set up a turn-key operation. There would have been a series of rules and metrics, and grant application forms. The staff and board would hide in a black box and, some months later, applicants would receive yes and a cheque, or no and a very thin letter.

MLAs in rural ridings would have enjoyed a sense of ownership in this model. The government would have kept a clubby eye on projects that had been approved.

There was one crucial problem: board members who had been attracted to the idea of Rural Alberta Development Fund valued the importance of independence — even purity. They knew the province well enough to understand what might succeed and what would most certainly fail in their communities.

If the provincial government was serious about transforming rural Alberta, the board would have to assume the gravity of its task — and that meant doing things differently.

"Doug Griffiths was there, that first meeting, and he really did encourage us to think big," says Marie Logan, a founding board member from Lomond. "Small measures wouldn't work, and the status quo wasn't working. We were formed for a reason, a good reason."

It's not as though there weren't already hot cinders in the province. If RADF was going to fire things up, step one was to find and activate fine ideas and great leaders already at work in rural Alberta.

"Let's set the snare where they're already going," says Alden Armstrong, another founding board member, entrepreneur, First Nations leader, and, in fact, a trapper from Paddle Prairie.

"We had a real sense of purpose as a board," says former Hinton mayor and founding board member Glenn Taylor. "But we didn't always — or even often — agree. There were times we agreed, overwhelmingly, but those projects didn't always turn out to be the most memorable. My fondest memories and some of the best projects were when the gloves were off and we were fighting for a project, getting down to *what we really have to do to* transform rural Alberta. If it was risky, somehow, if it challenged us, that's where the magic was. To fund or not to fund? The question was always so huge. Every project seemed to mean everything to us."

Historically, when the government talked about building or rebuilding rural Alberta, they posed with shovels at groundbreaking ceremonies for new schools, new community halls and recreation centres. Maybe a museum or an art gallery here and there.

This was a new experiment: funding ideas. It confused some people in rural Alberta.

So what was this fund all about? How was Rural Alberta Development Fund planning to develop rural Alberta without capital funding? It frustrated some people in communities and in government — and threatened RADF right at the beginning.

This created a pattern that would become a part of the young not-for-profit organization's culture: they listened and reacted. While RADF didn't fight to fund capital projects, it did report back to the government, and what it said about the great need for capital infrastructure in rural Alberta helped inspire the Major Community Facilities Program.

The Academy's goal is to train 75 per cent of Alberta's rural health practitioners in STARS procedures.

And, with a sense of urgency that a five-year mandate brings, RADF looked deliberately for a voice for itself, and for rural Alberta. It's not a cohesive voice nor a consistent voice — the province is too complicated, too messy, too diverse, too interesting — but it's one of the most powerful and authentic voices in Canada.

It's difficult to imagine an organization evolving much in five years. But RADF began to learn, adapt, and change, fundamentally, in its pursuit of relevance.

ACT TWO

Reading and exploring the list of projects RADF has funded is an inspiring way to spend an afternoon. So many of the same words pop up: network, incubator, enterprise, initiative. Often the words creative and innovative are right there, in the title.

They're over-used words for a reason. If RADF was to answer the call in *A Place to Grow,* it would have to focus on the imaginations of rural Albertans: not nostalgia nor old grievances nor political fortunes, but brilliant and sometimes wild ideas.

If you ask the board and staff of RADF, and many rural Albertans, for an example of what RADF can do, but also how an idea can change a community, they tend to bring up Warner Hockey School.

In 2001, the school was on the verge of closing. The southern Alberta town's population had been shrinking for years and the average age of its residents had climbed. Community leaders knew this was a moment of decision: either find a way to keep the town alive or do what so many others had felt obliged to do over the last 50 years – abandon rural Alberta.

What Warner did have was a grain storage facility that had been converted into an Olympic-sized hockey rink. Other towns have hockey rinks. Other towns have hockey. Other towns have schools, even hockey schools.

What could Warner do that no one else was doing?

"Here's the really hard question," says Brad Ferguson, a founding board member and former Managing Director. "And it's the question we all have to ask ourselves, as business-people, as communities, as Albertans: *what can we be the best in the world at?"*

How could RADF not only provide $100 million to spark something new but also challenge rural Albertans to ask that terrifying yet crucial question? What would RADF have to do, itself, to make it happen?

It could say rural Alberta, urban Alberta, or simply Alberta is "the best place to live, work and play." But saying it does not make it so.

The enemy is cliché. The enemy is complacency. The enemy is a feeling that some outside force, from Edmonton or Calgary or from Toronto or from New York or from Beijing, is to blame for our declining population and economic activity. The enemy is waiting for

a government department to build something for us — to change our communities for us.

ACT THREE

Instead of giving in or giving up, the people of Warner came together and argued their way to an idea.

Who competes on Olympic-sized hockey rinks? International hockey players and ... women. There were other schools in North America devoted to hockey but there wasn't another school in the world devoted to training female hockey players. Perhaps there was a way to create a school unlike any other on the planet, dedicated to academic and hockey excellence, for female players.

There was no model to follow. No other dying communities in rural Alberta had decided to blend sport, in an authentic, bottom-up manner, with a school. But it felt right. Community members from the town and county gave up a lot of prime-time television and devoted thousands of hours of volunteer time to making the Warner Hockey School work — and not because there was any guarantee of success.

It launched. In 2003, 20 girls moved to Warner.

Between 2001 and 2006, the population of Warner grew 20 per cent. RADF recognized how it could amplify the town's new momentum, and in 2007 provided $534,000 in funding to the program.

Warner has been transformed by something new, while holding on to its spirit.

Warner's school was closing, until citizens realized they had a unique asset: an Olympic-sized hockey rink. Who plays on those? Women.

Most importantly, the Warner Hockey School is now a model, a provocative idea. The Vauxhall Academy of Baseball is another RADF proponent. So is the Westwind Rodeo Academy, in Cardston.

The story of the Warner Hockey School is not only inspiring, and a representative example of rural development, but it's repeatable and transferable. Maybe it's a school. Maybe it's a unique set of skills or talents living dormant in your community. Maybe it's a strategy that has succeeded in Belgium or Mexico or India that would work wonderfully in Alberta.

What makes your community different? There has to be something, or you wouldn't be living in it. What can you do with a great idea, some perspiration, a dose of luck and a glow of rightness? What you hear from residents of Warner, when they talk about the school, is that it fit.

Through Warner and its other early projects, RADF learned that communities didn't want, or need, just another granting agency. Rural Alberta needed a catalyst that brought value beyond some numbers written on a cheque.

And so, a "get them to yes" philosophy has guided RADF in the latter years of its five-year mandate, a process of collaboration and mentorship, entrepreneurship and nurturing. RADF has brought these notions to life through the projects it supported.

Some 40 per cent of the patents in Alberta, which already has more patent applications than any other province, come from one region: the Peace Country. Why? There's an uncommon spirit of inventiveness in the area, which is home to a diverse mix of people from around the world.

This determination and creativeness, which is the foundation of the Centre

for Research and Innovation in Grande Prairie, was already there — in the community. It was RADF's job to challenge leaders to make the region even more entrepreneurial.

RADF provided $3.4 million in funding to the Centre to ensure that Grande Prairie continues to be considered the most entrepreneurial city in Canada.

In a passionate burst, Bruce Rutley, the Centre's Director, says this is RADF's "particular genius" — a philosophy that "lets us self-determine", that doesn't impose ideas in places where they don't fit but rather alights the ideas communities themselves regard as transformative.

"Look at the Bee Centre (the National Bee Diagnostic Services Centre)," says Bruce. "Another agency might have said: 'That belongs in Edmonton, or Calgary.' No. It belongs here in Beaverlodge. It's a Centre of Excellence, and it belongs

in the heart of the industry, in the heart of our expertise." RADF agreed, and funded it in 2011.

Edmonton's Wendy Andrews had her own provocative idea, inspired by her love of cycling and by her next-door neighbour, Alex Steida — the first North American to wear the yellow jersey at the Tour de France. What about a world-class, professional bicycle race that dipped and dived throughout rural Alberta?

For five years, Wendy and a small group of passionate Albertans dreamed of this race, the Tour of Alberta. She contacted RADF.

"RADF was so excited about our concept. And what they helped us realize is that this isn't a cycle race with some events. This is a rural Alberta festival... with a huge world-renowned cycle race," she said.

"Once RADF showed us our potential to enhance all these things in rural Alberta — economically, culturally, food, fitness, tourism — we got very excited, too. To me, RADF was about connectivity. And when we thought about our race route, about bicycles and wheels and spokes, we thought about connecting rural communities. RADF was the inspiration, to get us pumped about that connection and that potential."

RADF committed funding to support the development of the Tour; the first race could run as early as September 2013, perhaps through central Alberta's parkland, southeastern Alberta's Badlands, or the hilly spine of cattle country southwest of Calgary.

RADF's insistence that proponents elevate concepts like *creativity* and *innovation* out of the realm of cliché and into community-changing ideas has even taken projects that RADF can't fund from possibility to reality. Proponents learn so much, through the process, that they quickly find funding elsewhere.

RADF encourages Albertans to think big — majestically — about their future. It's helping to create a generation of new leaders. It provides a voice and a hub of ideas for rural Albertans — a catalogue of great successes and noble failures.

This is a high-performance bureaucracy, a model for public investment and public service.

"We're funding systems now, not just projects," says Brad Ferguson.

"This is a rural Alberta festival…with a huge world-renowned cycle race."
- Wendy Andrews, Alberta Peloton Association

RADF's support of Rosebud's Economic Development Committee helped to increase tourism and develop the community's leaders.

THE DÉNOUEMENT

Back to the beginning: how do we lure those young people with promise and ambition to not only stay in rural Alberta but to ground their futures there?

Jeff Senger and his wife, by age 30, owned a house in Edmonton and another in Calgary — where Jeff had a good job in the energy industry. But neither of them were entirely happy. At the peak of the housing boom they decided to sell their properties and move, maybe to Nicaragua or Honduras.

One day Senger was messing around on the internet and realized they could buy a quarter section of land and a house in Sangudo, for $89,000. They could have retired young in the Caribbean, but why not in rural Alberta? He phoned his wife.

She said: "Let's do it."

So they did. And though neither of them had grown up in rural Alberta, they realized if they wanted to make changes, for themselves and for the businesses in their new community, they and their neighbours would need a stake in the institutions that kept it alive.

There was an abattoir in Sangudo, a small operation with a staff of two.

Its owner was retiring, and community leaders worried it would close forever. This is a common problem. More than 90 per cent of small businesses in Canada lack succession plans. It might not be a big deal in downtown Edmonton or Calgary but these moments are crucial in rural Alberta.

Who would buy it? Jeff asked around town and discovered something called the Sangudo Opportunity Development Cooperative: a RADF-funded local investment pool designed to create or sustain businesses in town.

Jeff and his partner, Kevin Meier, knew nothing of meat packing. But they took over the abattoir and, through connections with passionate rural and urban Albertans — who have the same goals — quintupled the volume of business in less than two years. The plant had employed two people; now it employs 16.

Investors in the fund have received 18 per cent return on the money that's been invested in Sangudo Custom Meat Packers, which is committed to ethical practices and provides fantastic organic meat to urban restaurants and small groceries.

RADF watched this success in Sangudo closely, and they're keen to replicate it all over the province with the Unleashing

Local Capital project through the Alberta Community and Cooperative Association.

It's a lesson RADF has learned well in five years. The ideas are there. They're in every rural Alberta community. What Sangudo needed was a system to leverage it, and a few rural-urban firecrackers like Jeff Senger.

This is the cultural change RADF has promised over its five years: in rural Alberta, decline is not inevitable. Extraordinary success is possible. It has helped rural Albertans prove — over and over again — that they can be the best in the world at something.

"We're an experiment that went right," says Ferguson. "But we've really only made a dent. If we can apply what we've learned, the systems that have succeeded, across the province, you can imagine something really special happening here."

FUNDED PROJECTS SUMMARY

Organization	Project Name	Contact Community	Funding Amount
Town of Three Hills	Tomorrow's Promise Today	Three Hills/Hanna	1,500,000
Chinook Arch Regional Library Systems	Rural Information Services Initiative (RISE)	Lethbridge	3,646,688
Canadian Mental Health Association – South Region	211 Community LINKS	Lethbridge	156,307
Mountain View County	Finishing the Dream	Didsbury	2,207,557
Killam and District Business Development Association	Program Development – Biofuel/Ag Business	Killam	234,269
University of Alberta and University of Calgary	Integrated Community Clerkship	Edmonton	725,008
Woodlands Operations Learning Foundation (WOLF)	Forestry Training Program	Slave Lake	820,000
U of A School of Business – Alberta Business Family Institute	Creating Pathways for Entrepreneurial Families	Edmonton	1,500,000
Inside Education Society of Alberta	Boreal Education Strategy	Edmonton	260,000
Alberta Fish and Game Association	Recreation and Habitat Lands Access & Stewardship Training	Edmonton	100,000
Sunchild E-Learning	Improving Aboriginal Access to Quality Education	Rocky Mountain House	220,000
Canadian Centre for Unmanned Vehicle Systems (CCUVS)	Development of the CCUVS Centre	Medicine Hat	3,000,000
4-H Foundation of Alberta	Alberta 4-H Fund Development	Westerose	960,000
Business Link Service Centre	Virtual Incubator Services (VISTA)	Edmonton	340,530
Vauxhall Academy of Baseball	Vauxhall Academy of Baseball	Vauxhall	1,501,125
Physical Culture Association of Alberta	Older Adult Instructor Training Program	Edmonton	55,000
Cold Lake Regional Chamber of Commerce	Recruitment and Retention Project (CLR3)	Cold Lake	255,000
Agri Value-Added Investor Network	AVNet Rural Alberta Services Program	Calgary	116,527
Alberta First Nations Industrial Initiatives Society	Pre-development Business Planning	Edmonton/Enoch	1,200,000
Edmonton Regional Tourism Group	Greater Edmonton Rural Tourism Project	Edmonton	1,231,135

Project Highlights

This project has increased broadband services in rural Alberta by creating Virtual Learning and Business Centres in Three Hills Municipal Library and the Hanna Learning Centre.

This initiative involved three library systems that enhanced and added to existing services at 77 rural and remote locations in southern Alberta. It developed a sustainable, inclusive, and community-based video-conferencing network, which utilizes Alberta's SuperNet. This network has reached more than 350,000 people in 89 rural municipalities.

211 LINKs increased public awareness, and referred rural residents of southern Alberta to a variety of community services, including emergency response, crisis lines, resource networks and local events, through its Rural Resource Directory and 211 telephone line.

This project resulted in 14 south central Alberta communities gaining access to Alberta's SuperNet through Community Engagement Sites, which have enabled residents to access broadband technologies, learning applications and support.

This program developed unique multi-media promotional packages to attract key agri-businesses to the region. NovaGreen Inc has located a commercial refinery, using straw as a feedstock source, into the area and other bio-industry projects are considering investment.

Third-year medical students from the universities spent a minimum of eight months in rural practices learning all aspects of specialized types of medicine. The result is that more young doctors are considering rural medicine as a career choice following graduation.

This initiative created new courses and training modules for front-line forestry workers. Teaching resources include new content and curricula, as well as innovative tools such as equipment simulators. Programs and training sessions are offered through Northern Lakes College.

This project helped build sustainable communities across rural Alberta by assisting rural family enterprises to develop and implement successful strategies for the future. Particular focus was placed on helping people do good succession planning.

This pilot project provided, for the first time, the Society's environment and natural resource education programs to grade 4-12 students in remote parts of northern Alberta. This was accomplished through classroom presentations, interactive field tours, new learning resources, and professional development workshops for teachers. Over 40,000 students in Alberta's Boreal region were impacted by the project.

The Recreation and Habitat Lands Access & Stewardship Training project recruited and trained rural Albertans to help preserve and protect 30,000 acres of wildlife habitat in 80 of the Association's properties, throughout Alberta.

This initiative allowed the Sunchild E-Learning Centre to expand skills training for Aboriginal learners and enable their students to more easily find and keep suitable employment. It also developed new online programming that is in demand, but not available, in other rural and remote locations in Alberta.

The project will see the development and growth of the unmanned vehicle systems industry in southern Alberta through a Centre of Excellence in Medicine Hat. The initiative developed industry support, research, testing and evaluation facilities for the CCUVS, which also played an important role in the development of regulations and procedures for the industry.

The 4-H Foundation of Alberta became self-sufficient through new governance and funding models and revised operational practices which tripled its program income in 10 years and substantially reduced its reliance on government funding.

Establishment of rural incubators matched the resources and benefits of those found in large urban centres through the provision of a broad range of services at reduced costs.

This initiative resulted in a permanent, self-sustaining sports academy at Vauxhall High School, while also developing a fitness and treatment program available to the public.

Results of this project saw more physical activity and active living programming for older adults living in rural seniors' housing. A 10-hour certification course was developed and delivered to communities across rural Alberta.

The CLR3 program developed specialized resources, communications and promotional tools aimed at attracting highly skilled professionals to northeastern Alberta, with the aim of creating a unique recruitment and retention model as a template for other rural communities.

The intent of this project was to provide matchmaking services, training coordination and improved access to investment funds for rural entrepreneurs and companies.

This initiative allowed the Society to plan and develop a business model for large economic ventures. The blueprint is available to all Alberta First Nations.

This project gave the Edmonton Regional Tourism Group the ability to support and promote small rural tourism and agri-businesses. Initiatives like the "Recommended Experiences" program provided necessary expertise, materials and training resources to rural operators to help them become market-ready and able to draw more urban consumers to rural destinations.

FUNDED PROJECTS SUMMARY
Continued

Organization	Project Name	Contact Community	Funding Amount
Community Village of the Peace Society	Community Village	Grande Prairie	333,300
Warner Community Hockey Society	Warner Hockey School Programming	Warner	534,000
Bonnyville Affordable Housing Association	Three Little Pigs Housing Cooperative	Bonnyville	213,280
Alberta Farm Safety Centre – Raymond & District Futures Society	Rural Safety Smarts	Raymond	498,000
Junior Achievement of Southern Alberta	Junior Achievement Rural Expansion Project	Calgary	580,000
Alberta Terrestrial Imaging Corporation	Remote Sensing Applications	Lethbridge	582,119
Linkages Society of Alberta	Linkages Program	Calgary	68,665
Alberta Rural Development Network (ARDN)	Alberta Rural Development Network	Sherwood Park	5,000,000
Friends of the Westwind Rodeo Academy Society	Westwind Rodeo Academy	Cardston	1,529,900
Battle River Regional Division #31	Post-Secondary Trades-Related Opportunities	Camrose	107,287
Rosebud Economic Development Committee	Rosebud Capacity Building	Rosebud	450,000
Alberta Recreation & Parks Association (ARPA)	Active/Creative/Engaged (ACE) Communities	Edmonton	4,500,000
Calgary Regional Transportation Services Society (CARTSS)	ASSIST Development Project	Calgary	600,000
Vulcan Business Development Society	Vulcan Innovation	Vulcan	1,448,000
Indigenous Sport Council of Alberta	Alberta Aboriginal Sport Capacity Enhancement	Hobbema	1,038,720
Red Deer College	Establishment of a Chair, Rural Health Development	Red Deer	565,700
Empress Theatre Society	Rural Artistic Initiatives	Fort Macleod	1,431,800
Alberta Urban Municipalities Association (AUMA)	Municipal Sustainability Planning	Edmonton	1,399,910
Grande Prairie Regional College & PREDA	Centre for Research & Innovation	Grande Prairie	3,400,000
Grande Alberta Economic Region (GAER)	GAER's Response to the Mountain Pine Beetle	Edson	562,500

Project Highlights

The project created a strategic co-location of not-for-profit organizations and social businesses in Grande Prairie. They are designed to reach the less fortunate population of the city/region with mainstream programs. The project also allowed the agencies to focus on enhancing their programming, working collaboratively and supporting each other.

The project enabled the Warner Hockey School to become self-sustaining, increase the enrollment at the local school and develop the Athletes' Centre. This contributed to the expansion of enrollment and continues to provide professional services to the athletes and community members.

Through this innovative affordable housing co-op model, municipalities learned about the multiple options available in green technologies, gained community capacity in how to develop sustainable and affordable community housing, and also recognized opportunities of a niche market for capitalizing on value-added lines of business.

The Rural Safety Smarts program modernized and upgraded the Centre's educational resources through the use of computer technologies and the design of high-quality take-home materials for grades K-6. The program has been delivered into 7,661 classes, and to 155,511 students across Alberta.

This initiative saw Junior Achievement programs delivered in 12 rural communities across Alberta and established Rural Leadership Councils to recruit and train volunteers. Over 23,000 students have participated in this program.

The project has supported the Centre's efforts to create new tools to translate photographic images into information useful for land management research, planning and decision-making in Alberta.

New programming and training linked seniors with young people in rural communities throughout Alberta, with the goal of increasing engagement of seniors while providing rural youth with leadership, communication, volunteering and life skills.

RADF funding has enabled the Alberta Rural Development Network to develop new promotional strategies, enhance information access, and improve communication for its membership, made up of post-secondary institutions throughout rural Alberta.

This initiative has enabled the rodeo school at Cardston High School to become self-sustaining. The Academy combines education and life skills counselling with horsemanship and rodeo, to give Grade 10-12 students the opportunity to focus on their passion while completing high school. This business model has proven viable for small communities, and today, the Academy is working closely with schools in Ponoka and Strathmore to adapt the model for their communities.

This project examined ways to provide pre-employment and trades-related training in east central Alberta that were innovative and cost-effective. The approach looked at using local facilities to house courses, while moving instructors and equipment from site to site.

The development of a comprehensive Area Structure Plan along with new programs, helped increase the economic, educational, cultural and social sustainability in Rosebud and area. Composed of 12 community organizations, with the Rosebud School of the Arts taking the lead role, the Committee acted as a single coordinating body for the fundraising and planning needs of local residents, businesses and organizations.

This initiative has improved the quality of life in rural Alberta by building capacity and strengthening community leadership, collaboration and innovation in recreation, parks, culture, heritage and the arts. Residents have access to resources, training and coaching to recognize local community assets and maximize potential benefits.

CARTSS explored various ways of delivering specialized transportation service to anyone who needed it within 18 municipalities surrounding Calgary. The model considered options that would allow rural seniors to age in place and persons with disabilities the choice to live and work in rural communities. Its learnings may be a model that could be adopted in other rural areas of the province.

With the use of technology, the project leveraged increased workplace employability and business start-up, increased the capacity for technology use within businesses/communities, and assisted the success of ideas through available human resources.

This project enabled Métis and First Nations recreation directors, coaches, teachers and community leaders to enhance the quality of life for Aboriginal youth and youth leaders. It assisted local groups to develop long-term sport and recreation sustainability plans for their communities. Supports included training manuals and an online resource information centre. The largest impact was the ability to deliver programs directly into the community.

Funding for this new applied research and rural health initiative will identify health needs and priorities in central Alberta, and will test, evaluate and demonstrate innovative rural health practices. Information and training will be provided to physicians, residents and service providers.

This initiative was designed to increase the cultural awareness of music in the Fort Macleod area. Events were promoted, professional musicians worked in children's outreach, and informal family-oriented performances introduced parents and children to classical music. The project focused on positive economic impacts, increased community capacity, and significant/lasting impact on quality of life.

This project armed rural communities with the skills and knowledge they needed to develop effective municipal sustainability plans by maximizing available resources, and blueprinted the actions needed to move a community in its desired direction.

The CRI engages entrepreneurs in northwest Alberta to turn ideas and innovations into commercially viable services or products. It has developed a "culture of innovation" through systems, operations and people. The model continues to contribute to a knowledge-based economy in the region and will reduce the economic dependence on natural resources.

This initiative developed action plans and created relationships and strategies for economic diversification in response to the effects of the mountain pine beetle. This included an informational website, educational materials and community outreach sessions across the region.

FUNDED PROJECTS SUMMARY
Continued

Organization	Project Name	Contact Community	Funding Amount
Wainwright Buffalo National Park Interpretive Centre Foundation	Buffalo Adventures Marketing Intitiative	Wainwright	344,965
Alberta Native Friendship Centres Association	Common Ground Program	Edmonton	272,330
Alberta Community Co-operative Association (ACCA)	Rural Co-operative Outreach & Development	Stony Plain	140,500
Albertafirst.com	Project Summit	Edmonton	0
Geotourism Canada	Geotourism Services Project – Northern Alberta	Grimshaw	1,575,000
Camrose Open Door Association	PEER Connections Program	Camrose	1,000,000
Horizon School Division & Partners	Opportunity Shop	Taber	428,409
County of Athabasca and Village of Boyle	Alberta Energy Corridor	Boyle	244,300
Central Alberta Rural Manufacturer's Association (CARMA)	Establishment of CARMA	Red Deer	372,360
Northeast Alberta Information HUB Ltd.	Aboriginal Community Enterprises	St. Paul	855,000
Battle River Railway	Composite Train Grading Project	Galahad	235,000
Eagle Point – Blue Rapids Parks Council	EP-BR Parks & Recreation Partnership	Drayton Valley	1,294,587
Yellowhead Regional Arts Festival Society	Developing a Creative Campus	Hinton	315,000
County of Grande Prairie & Grande Prairie Regional College	Pipestone Creek Dinosaur Initiative	Grande Prairie	1,888,500
Canadian Badlands Ltd.	Canadian Badlands Centre of Excellence	Drumheller	5,000,000
Athabasca University	Learning Communities Project	Athabasca	3,100,000
Ten Thousand Five (10005) Remedial House Society	High Level Community Outreach	High Level	450,150
Northern Lights School Division	Mobile Trades Foundation Program	Bonnyville	1,056,750
Centre for Rural Community Leadership & Ministry (CIRCLe-M)	Establishment of Centre for Rural Development	Saskatoon	313,313

Project Highlights

Buffalo Adventures was ground-breaking in its development of 'experiential travel adventures' for its visitors. Tour packages are of a quality that are able to compete with other major tourism and historic/cultural sites in Alberta from all regions, and the program continues to make an economic impact on the east central Alberta region.

This community-driven initiative utilized traditional Aboriginal perspectives, customs, and protocols to engage diverse stakeholders in collaboratively identifying key community priorities, developing action plans, and establishing long-term agreements.

The ACCA program encompassed an exploratory and outreach phase that assessed the ways in which co-op development could become an integral part of the community's strategic plan. It also provided the technical expertise in support of co-op development activities in two pilot communities.

Project withdrawn by proponent.

Geotourism Canada created a series of travel/activity field guides to describe more than 800 tourist sites in rural northern Alberta. These guides addressed the question of how best to attract visitors to rural places with the use of GPS technology. The program also provided recreational and educational opportunities for area residents and visitors.

This project developed an innovative social enterprise initiative that combines the development of employability skills and supported work experience with skills learning for at-risk youth aged 15 to 24.

New programming allows students facing financial, cultural or family pressure to drop out of school, the opportunity to complete high school while earning an income. Project staff liaise with employers and students and provide coaching and support for students and their families.

This project has prepared the strategically located communities of Boyle and Athabasca to respond to the emerging growth of the region by planning on multiple fronts - marketing, organizational and land-use.

CARMA has developed a sustainable business-directed network which promotes and fosters growth, development, competitiveness and economic efficiency of rural manufacturing in central Alberta.

This project developed a long-term grass-roots economic growth and partnership model for Aboriginal communities in the St. Paul region. The initiative provided economic development training that focused on creating viable and sustainable Aboriginal owned and operated businesses, while building collaborative relationships with non-Aboriginal businesses.

Battle River Railway is realizing improved marketing opportunities through new technology and advanced programming in composite train grading, identity preservation and tracking. Regional farmers are able to customize grain shipments to best meet customer requirements, thereby optimizing the grain's value.

This initiative is developing a unique community-based parks management model for Eagle Point Provincial Park and Blue Rapids Provincial Recreation Area. The model is a catalyst for environmentally sustainable economic, education and tourism development, and works toward building partnerships between all users of public lands.

This project allowed the development of sustainable and vibrant year-round arts and cultural programs for the West Yellowhead region. It is centred in Hinton and has brought together smaller urban and cultural arts organizations to deliver programs such as theatre, visual arts and music.

This unique initiative, which features one of the world's richest bone beds, has positioned the Peace Region as Alberta's next great dinosaur destination. It has opened the region for tourism, education and economic development while offering stewardship of a rich paleontological resource.

Support for the Canadian Badlands created a single point of contact for tourism resources, information and development in south-eastern Alberta. It also developed and delivered short, intermediate and long-term tourism programs, expanded primary and secondary tourism hubs and enhanced access to tourism destinations across the region.

This project is identifying and providing learning opportunities for residents of Aboriginal communities in northern Alberta. It has created a system of student supports, community-based educational databases, and access to e-learning opportunities while providing educational services that build on an individual's existing educational, professional or life experience.

Funding for this project allowed for the creation of a 24-hour community outreach centre in High Level. Day programming was developed to complement the existing overnight shelter services provided to the homeless. Services include health screenings, addiction counselling and employment assistance.

This project created a mobile trades curriculum targeted at rural youth in grades 7-9. By introducing hands-on trades training at a young age, students, including those at-risk, are encouraged to pursue a career path in the trades.

CIRCLe-M is establishing a rural community development leadership training program for smaller rural Alberta locations. This non-denominational project uses online tools and the underutilized infrastructure and capacity of rural churches as a base for training residents in community development, peer mentorship, crisis intervention and economic development.

FUNDED PROJECTS SUMMARY
Continued

Organization	Project Name	Contact Community	Funding Amount
Banff Centre for Continuing Education	Nexen Chair in Aboriginal Leadership	Banff	1,377,660
Habitat for Humanity Edmonton Society	Northern Development Coordinator	Edmonton	150,000
Volunteer Alberta	Knowledge Connector Initiative	Edmonton	881,125
Lethbridge College	Wind Energy and Rural Capacity Development	Lethbridge	1,189,300
BIO-ARCC Drayton Valley Ltd	BIO-ARCC Initiative	Drayton Valley	1,000,000
CAREERS: The Next Generation	NEXTGEN Online	Edmonton	993,160
Alberta Shock Trauma Air Rescue Service Foundation (STARS)	STARS Critical Care & Transport Medicine Academy	Edmonton	577,676
Chipewyan Prairie Dene First Nation	CPDFN Business Incubator Pilot Project	Chard	0
Alberta Schools' Athletic Association	Online School Athletic Coach Education	Edmonton	380,000
International FarmOn Foundation	Farm Masters Program	Bashaw	970,000
Treaty 8 First Nations of Alberta	Family Service Delivery Framework Implementation	Edmonton	1,500,000
Community Futures Network of Alberta	Rural Cluster Development Project	Cochrane	848,600
Red Deer County (with RDRED & CAEP)	Turning the Keys on Opportunity (TKO) Project	Red Deer County	1,172,050
Rocky View County	Bio Energy Learning Centre	Calgary	0
Green Hectares Corporation	The Rural Road Show - Phase 2	Sherwood Park	2,995,530
Grande Prairie Regional College – Centre for Research & Innovation	National Bee Diagnostic Centre	Grande Prairie	925,360
Blue Quills First Nations College	Creating Home Project	St. Paul	1,679,914
Science Alberta Foundation	Rural Youth Science Network	Calgary	900,000
Willmore Wilderness Foundation	Engaging Traditions for Economic Growth	Grande Cache	1,100,858

Project Highlights

Based on Indigenous Wise Practices in Community Development, The Banff Centre has developed a new, hands-on community-based leadership training program for Alberta's Aboriginal communities. The initiative brings together community partners and stakeholders to develop skills training and educational materials for rural Aboriginal leaders.

Program development provided north-central Alberta communities with access to the knowledge, resources and infrastructure to build affordable housing through Habitat for Humanity programs.

Leadership and skills development training for rural Alberta's not-for-profit and voluntary sector organizations were developed in this project, with a focus on the creation of strong leaders and managers to ensure the sustainability of small communities.

This initiative will establish southern Alberta as a world leader in the wind energy sector, through the development of long term, durable training programs, educational products and stakeholder coalitions.

Development of a "Bio-Mile" Centre of Excellence will foster the creation of new technologies through skills development and training, business incubation and applied research on the commercialization of bio-based products.

This province-wide program will enable rural students to step inside industry and explore careers using innovative interactive portals and social media. Targeting rural junior and senior high school students, the project will use SuperNet as the platform for accessing information.

Funding aided in the development of an innovative model for delivering provincial educational opportunities to rural health professionals. Rural paramedics, nurses, physicians, respiratory therapists and others are be able to access advanced skills training in critical care and transport medicine.

Project withdrawn by proponent.

Development of an online/blended coaching education program is supporting rural Alberta school and sport athletic coaches. The program is addressing the needs of rural coaches by providing affordable, accessible and relevant educational experiences.

The Farm Masters program provides a forum for young, emerging agri-entrepreneurs to access modern tools and resources to help them succeed. Activities include the development of a web-based platform for business management, financial planning, hands-on skills training, marketing guidance and peer-to-peer networking.

This project is implementing the Family Service Delivery Framework, focused on children's health services, in three First Nations communities. This trial will provide valuable lessons and insights – allowing the Framework to be refined prior to its introduction in all twenty-four Treaty 8 member communities.

The Community Futures Network is creating and promoting viable business clusters throughout the province by providing access to the knowledge, resources and strategies needed to develop that cluster. Pilot projects will be delivered through Brooks Metal Manufacturing, Chinook County Regional Cluster Development and Tourism Strategy Project, and Central Alberta Rural Manufacturer's Association.

This regional economic development project is aimed at boosting local business expansion and foreign direct investment in central Alberta communities. The project will connect investment-ready businesses with international investment opportunities. Priority sectors include manufacturing, logistics and transportation, and the agri-food industry.

Project withdrawn by proponent.

This project is creating opportunities for rural and agricultural communities to connect, collaborate and learn through scalable models of delivery, including the Six Degrees Database, the Practice Pitch and Building Blocks for Business.

This unique initiative will establish Canada's first National Bee Diagnostic Services Centre at the Beaverlodge Research Farm to address the current crisis in bee health. The Centre will offer comprehensive honeybee diagnostic services and surveillance data to industry and government/regulatory bodies.

As a new social enterprise program, this project is addressing issues of chronic unemployment, insufficient housing, substance abuse and overall well-being of Aboriginal youth through business and hands-on trades training. Participants are receiving classroom education and experiential learning through the construction of solid timber, log-frame modular homes while receiving support in maintaining an addiction-free lifestyle.

This innovative social media program is aimed at engaging youth in science and technology where high school students are connected through facilitated sessions, and are tuned in to everyday science in their communities. Youth will work on science projects of their interest and will collaborate to create digital content such as animation, video and photography to showcase real science applications.

This project is creating an experiential ecotourism product in Alberta's Willmore Wilderness Park, located in the northern Rocky Mountains. It will enhance the marketability and profile of the park, bringing in tourists and creating economic growth opportunities for local businesses by promoting them to the global economy through multimedia productions, training videos and social media.

FUNDED PROJECTS SUMMARY
Continued

Organization	Project Name	Contact Community	Funding Amount
Fort Vermilion School Division	Rocky Lane School Agricultural Program	Fort Vermilion	900,000
NorQuest College	Delivery of Foundational Learning for Rural Learners	Edmonton	3,229,280
Alberta Water and Wastewater Operators Assoc. (AWWOA)	Closer to Home (C2H)	Edmonton	2,400,000
Western Rocky View Communities Development Society	Aging in Rural Community	Calgary	725,000
Portage College	Food Processing/Food Sciences Training Facility	Lac La Biche /St Paul	950,000
Alberta Community Co-operative Association (ACCA)	Unleashing Local Capital	Stony Plain	1,260,000
Alberta Peloton Association	Alberta Pro Cycling Festival	Edmonton	3,500,000
Regional Development Branch	Rural Alberta Business Centre Pilot Program Enhancement	Edmonton	1,310,546
Northern Lakes College	High Prairie Regional Training and Development Centre (Tolko)	High Prairie	2,845,450
SouthGrow Regional Initiative	Renewable Energy Clusters, Co-ops & Pods	Lethbridge	480,000
Totals 88			100,000,000

Project Highlights

This program is providing students with entrepreneurial, leadership and business management skills by offering off-campus learning opportunities through the operation of a farm/ranch. Through mixed agricultural activities, including crops, gardens, and animal husbandry, students are learning how to plan, design, market and manage micro-businesses.

A technology-supported delivery model will increase access to quality learning for rural adult learners. The Alberta Education curriculum will be tailored to their specific needs through an online content management system, with instruction delivered through video conferencing and local support systems.

This province-wide succession, training and community capacity initiative is aimed at attracting and retaining qualified water and wastewater operators, addressing the need for community-based solutions as the generational turnover of skilled water operators becomes more prevalent.

This rural seniors housing model will engage seniors in the design and implementation of solutions to keep them in their communities longer. Systems that result in better delivery of coordinated services, programs and housing planning options are being examined and identified.

This project will provide an innovative teaching and processing facility to help establish a regional food industry in northeastern Alberta. The facility will provide processing capacity and food sciences technology for growers to bring their products into the commercial retail market. Food sciences certificate and diploma programs will be provided through the St. Paul Campus.

This project will empower communities to invest locally and reduce dependency on government supports by directing outward-bound investments towards local businesses. The model will assist in the establishment of a community investment fund – a pool of capital raised and invested in local businesses.

The festival will bring a Tour de France style, professional cycling road race to Alberta. This project will develop an annual 10-day event, showcasing 60-70 rural communities, which will boost economic growth through tourism, and will enhance community capacity and engagement, while promoting the province on the world stage.

The RABC pilot program will provide one-stop access to information and services that support the development, growth and success of small businesses in eight rural communities throughout Alberta. This project will ensure the entrepreneurial culture remains vibrant in rural communities and allows all Albertans to participate in strengthening our province's economy.

This initiative will create an innovative training program aimed at engaging students in trades in northern Alberta. It will build a skilled workforce to meet the growing demand for workers in the forestry, manufacturing and oil and gas industries using the existing Tolko mill facility.

This project, located in southern Alberta, will build capacity to develop municipal/community driven renewable energy initiatives through the creation of energy clusters, which may then be used to develop rural energy co-ops.

INDEPENDENT AUDITORS' REPORT

To Rural Alberta's Development Fund

We have audited the financial statements of Rural Alberta's Development Fund which comprise the statement of financial position as at March 31, 2012, the statements of operations and net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Rural Alberta's Development Fund as at March 31, 2012, and its results of operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information included in the Schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

KPMG LLP

Chartered Accountants
June 22, 2012
Edmonton, Canada

STATEMENT OF FINANCIAL POSITION

March 31, 2012, with comparative figures for 2011

	2012	2011
Assets		
Current assets:		
Cash and cash equivalents	$ 180,093	$ 803,183
Short-term deposit (note 2)	50,288	611,514
GST recoverable	27,859	112,684
Prepaid expense	6,855	48,782
Amounts recoverable	20,171	–
	285,266	1,576,163
Capital assets (note 3)	21,710	59,087
Investments (note 4)	33,628,009	49,783,765
	$ 33,934,985	$ 51,419,015
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	$ 457,008	$ 212,416
Deferred revenue	33,477,977	51,206,599
	33,934,985	51,419,015
Commitments (note 6)		
Contingencies (note 7)		
	$ 33,934,985	$ 51,419,015

See accompanying notes to financial statements.

On behalf of the Board:

Marie Logan
Board Chair

Dave Bodnarchuk
Director

STATEMENT OF OPERATIONS AND NET ASSETS

Year ended March 31, 2012, with comparative figures for 2011

	2012	2011
Revenue:		
Deferred revenue recognized	$ 17,728,622	$ 13,221,797
Investment income (note 4)	950,252	3,588,956
	18,678,874	16,810,753
Expenses:		
Grant expenditures	16,435,091	14,451,890
Wages, salaries and benefits	860,841	882,668
Consulting fees	344,905	394,266
Conference	185,738	25,481
Board administration and honoraria	184,604	119,358
Legal, accounting and insurance	112,826	102,065
Advertising	93,248	188,026
Network infrastructure	86,129	78,851
Rent (note 4)	83,281	283,257
Bank and fund management fees	81,409	75,783
Travel	49,717	59,594
Office	46,338	25,119
Non-recoverable GST	41,478	26,154
Amortization of capital assets	27,759	64,684
Training	19,270	–
Loss on disposal of capital assets	14,699	17,997
Printing	11,541	15,560
	2,243,783	2,358,863
	18,678,874	16,810,753
Excess revenue, being net assets, beginning and end of year	$　–	$　–

See accompanying notes to financial statements.

STATEMENT OF CASH FLOWS
Year ended March 31, 2012, with comparative figures for 2011

	2012	2011
Cash flows from operating activities:		
Cash received:		
Investment income received	$ 1,953,811	$ 1,938,062
Cash paid:		
Grants paid, net of recoveries	(16,218,232)	(19,753,363)
Payments to employees and suppliers	(2,067,011)	(2,122,134)
	(16,331,432)	(19,937,435)
Cash flows from investing activities:		
Maturity (purchase) of investments, net	15,152,197	18,637,035
Investment in (redemption of) short-term deposit, net	561,226	(611,514)
Purchase of capital assets	(5,081)	(4,107)
	15,708,342	18,021,414
Increase (decrease) in cash position	(623,090)	(1,916,021)
Cash position, beginning of year	803,183	2,719,204
Cash position, end of year	$ 180,093	$ 803,183

During the year, the Fund received $18,785,000 related to the maturity of bonds (2011 – $18,073,000).

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Year ended March 31, 2012

Rural Alberta's Development Fund (the "Fund") is a Part IX corporation that was incorporated on July 17, 2006 under the Alberta Companies Act. The Fund commenced operations in September of 2006. The Fund is a non-profit organization as defined in Section 149(1)(l) of the Income Tax Act and is exempt from income taxes.

The purposes of the Fund are:

(a) to promote growth, prosperity and the quality of life in rural Alberta by fostering, funding, and facilitating activities in rural Alberta;

(b) to ensure the fiscally responsible expenditure of all financial resources available to the Company in accordance with sound and comprehensive business plan including, without limitation, the fiscally responsible expenditure of all grant funding received by the company from the Province of Alberta or from other sources;

(c) to encourage collaboration and community spirit within and among communities for the benefit of rural Alberta;

(d) to attract other sponsors or persons who may participate in the activities fostered, funded, or facilitated by the Fund for the benefit of rural Alberta; and

(e) to conduct such operations as may be required from time to time to give effect to the objects of the Fund and to otherwise do all acts reasonably necessary, ancillary and/or incidental to carrying out of the objects described above.

1. Significant Accounting Policies:

(a) Capital assets:

Capital assets are recorded at cost which includes goods and services taxes incurred that are not eligible for recovery. Capital assets are amortized on the straight-line basis over the shorter of the period the Fund will operate (see note 1(b)) or the estimated useful life as follows:

Asset	Rate
Furniture and fixtures	5 years
Computer	3 years

The funding for capital assets is provided by way of the grant fundings previously received [see note 1(b)] and the subsequent income earned from this funding.

(b) Revenue recognition:

The Fund follows the deferral method of accounting for contributions.

Under the terms of an Agreement as amended, the Province of Alberta, in accordance with budget arrangements established by the Alberta Ministry of Agriculture, Food and Rural Development, advanced a one time grant of $100 million to the Fund. The Agreement notes the following:

- interest and other income earned on the grant shall also form a part of the grant;
- the grant can only be used for administrative expenses and to support approved projects;
- a minimum of $100 million must be spent on approved projects;
- approved projects cannot include loans, loan guarantees or equity positions; and
- any unspent grant monies at the end of the term (being December 31, 2014) are to be refunded to the Province.

Accordingly, the grant is deferred until qualified expenditures, including amortization of capital assets, are incurred. Effective July 6, 2010, the Fund's term was extended from June 30, 2013 to December 31, 2014.

Investment income is recognized as revenue when earned.

(c) Financial instruments and investments:

Cash and investments are designated as held-for-trading financial assets. All other financial assets are classified as loans and receivables. All financial liabilities are classified as other financial liabilities. The Fund has elected to not apply the requirements of Section 3855, Financial Instruments - Recognition and Measurement for contracts to buy or sell non-financial items, including any derivatives which may be embedded within these contracts.

Transaction costs are recognized immediately in the statement of operations. Financial instruments are recorded on a trade date basis.

Fair values of the Fund's financial instruments do not differ significantly from their carrying values unless otherwise noted. The fair values of the investments represent the year end estimated market bid prices based upon publicly available index services and exchanges.

(d) Grant expenditures:

The Fund has entered into agreements wherein the Fund provides grants to proponent organizations to complete projects consistent with the purposes of the Fund. Projects comprise phases which set out deliverables required of the proponent and funding amounts to be provided by the Fund. The Fund recognizes grant expenditures in the statement of operations in the year in which proponents have completed, to the Fund's satisfaction, deliverables for a project phase.

(e) Risk management and fair value:

The risks that arise from transacting financial instruments include credit risk, liquidity risk, and market risk. Market risk arises from changes in interest rates, foreign currency exchange rates and other market factors. The Fund does not use derivative financial instruments to alter the effects of these risks or invest in derivative instruments for speculative purposes. The Fund manages these risks through the use of prudent risk management policies and practices and implementation of an established asset mix strategy to diversify concentration to any specific financial instrument risk.

Changes in interest rates, credit ratings and other market factors are the main cause of change in the fair value of bonds resulting in a favourable or unfavourable variance compared to book value. Credit risk is mitigated by investing in only high grade bonds and debentures issued by government and government backed entities, financial institutions and large publicly-traded corporate entities with a credit rating of BBB/Baa or better. Credit risk associated with cash positions, short-term deposits and bankers acceptances is mitigated by investing in short-term or demand-type instruments with large, nationally insured Canadian financial institutions, established money market funds and significant corporate entities.

Interest rate risk is mitigated by managing maturity dates, payment frequency and maintaining a portion in short-term accounts and instruments. A change in benchmark interest rates would result in a change in the fair value of the investment portfolio but exposure to loss is capped with management's intention to hold, when practicable, the investments to their maturity dates.

Other market factors relate primarily to the changing value of the equity securities in the market. Management does not believe that it is practical or cost effective to hedge this risk but rather limits its exposure to equity markets by limiting the amount of monies allocated to equities within the investment portfolio and limiting the amount of monies allocated to any individual equity.

A portion of the bond and equity investments held by the Fund are issued in US dollars which are subject to foreign currency risk. All other investments are issued in Canadian dollars. A one percent change in foreign exchange rates between the Canadian and US dollars would effect the fair value of the investment portfolio at March 31, 2012 by $23,686.

Liquidity risk is primarily managed through the laddering of maturity dates, payment frequency of interest receipts, and ensuring that the equity capital markets are reasonably liquid. The Fund projects cash flow needs through the budget process which is approved by the Board and ensures sufficient funds are maintained in demand-type instruments to meet immediate and shorter term cash demands.

(f) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

(g) Capital management:

The Fund's objectives when managing capital are, in part, outlined under the Fund's purpose which is to ensure the fiscally responsible expenditure of the Fund's financial resources to promote growth, prosperity and the quality of life in rural Alberta. The Fund's capital is effectively the deferred revenue, representing those monies initially received from the Province of Alberta net of the expenditures incurred as the Fund executes its purpose.

2. Short-Term Deposit:

The term deposit earns a floating rate of interest maturity issued for 30 days with a maturity of April 15, 2012. The term deposit is pledged as security for business credit cards. At March 31, 2011, the one year term deposit was at a rate of 0.750% with a maturity date of September 16, 2011; $50,000 of which served as security for business credit cards.

3. Capital Assets:

	Cost	Accumulated amortization	2012 Net book value	2011 Net book value
Furniture and fixtures	$ 49,272	$ 42,319	$ 6,953	$ 16,807
Computer	95,395	80,638	14,757	42,280
	$ 144,667	$ 122,957	$ 21,710	$ 59,087

4. Investments:

	2012	2011
Government and government backed bonds with a coupon rate of 2.20% with maturity date of March 2014, principal amount of $1,000,000	$ 1,017,172	$ 6,561,799
Corporate bonds with coupon rates from 3.13% to 6.25% with maturity dates from April 2012 to November 2014, principal amount of $10,132,000	10,329,422	12,472,361
Foreign issued bonds with coupon rates from 2.40% to 2.64% with maturity dates from February 2013 to December 2013, principal amount of $2,000,000	2,025,751	1,973,704
Financial institution bonds with coupon rates from 3.43% to 4.99% with maturity dates from April 2012 to March 2018, principal amount of $7,000,000	7,109,957	8,297,749
	20,482,302	29,305,613
Canadian equities	6,278,202	10,854,835
U.S. equities	2,313,755	4,573,089
Cash and cash equivalents	4,374,980	4,759,456
Accrued interest	178,770	290,772
	$ 33,628,009	$ 49,783,765

Approximately 60% of the bonds mature within the next fiscal year (2011 – 58%), 20% mature in the fiscal year thereafter (2011 – 30%), with the balance maturing by November, 2014. Of the total investments, 76% is of a demand or liquid nature or matures in the next fiscal year. Based on March 31 fair value, the investment portfolio's weighted average rate of return approximates 4.0% (2011 – 4.3%). Changes in market interest rates will cause change in the fair value of Fund's investment portfolio and weighted average rate of return.

Investment income reported on the statement of operations is comprised of the following:

		2012		2011
Appreciation (reduction) of investment fair value	$	(1,003,559)	$	1,650,894
Interest and dividends on investments, term deposits and cash		1,606,150		1,971,103
Gain (loss) realized on maturity of investments		347,661		(33,041)
	$	950,252	$	3,588,956

5. Rent Expense:

The Fund initially leased its premises under a seven year operating lease arrangement with The Friends of the Ukrainian Cultural Heritage Village Society. Under the terms of the leasing agreement, the basic rent was the costs incurred by the Fund relating to construction of usable space in an existing building of the Society. The Fund completed the construction of the leased space during 2008 at a cost of $385,328 which included non-recoverable goods and services taxes. The costs, being in exchange for basic rent, were deferred and amortized to rental expense over the shorter of the lease term or the period the Fund will operate (see note 1(b)).

The Fund surrendered the lease effective October 31, 2010 at which time the remaining deferred rent of $149,315 was expensed. Accordingly, included in 2011 rent expense is $187,848 related to this arrangement.

6. Commitments:

		2012/13		2013/14		Total
Projects approved for funding with agreements in place	$	16,067,937	$	8,717,884	$	24,785,821
Consulting Agreements		188,751		–		188,751
Lease		79,955		59,966		139,921
Total	$	16,336,643	$	8,777,850	$	25,114,493

Since inception to March 31, 2012, the Fund has approved 85 (2011 – 69) projects for a total of $100,000,000 (2011 – $74,042,745). Agreements for 82 (2011 – 69) of these 85 projects are in place as of March 31, 2012 for a total of $95,364,004 (2011 – $74,042,745) net of amounts recoverable of which $70,578,183 (2011 – $54,388,951) has been advanced at March 31, 2012.

The Fund has a lease for office space which expires December 31, 2013. The Fund is responsible for its proportionate share of building operating costs for the leased premises.

7. Contingencies:

The Fund has been named a defendant in a legal action claiming damages in the amount of $543,164. The Fund has issued a statement of defense regarding this claim and management is of the opinion that there is an arguably strong defense against the claim and the extent of loss, if any were to occur, is not determinable. Accordingly, no provision for losses has been reflected in the accounts of the Fund for this matter and the ultimate settlement date is unknown.

SCHEDULE OF SALARY AND BENEFITS DISCLOSURE
Year ended March 31, 2012, with comparative figures for 2011

	Salaries and honoraria[1]		Benefits and allowances[2,3]		2012 total		2011
Board Members:							
Armstrong, Alden	$	3,150	$	–	$	3,150	$ 4,475
Beeston, Jann[4]		9,585		540		10,125	7,513
Bodnarchuk, Dave		5,710		240		5,950	–
Buck, Claudia		4,396		229		4,625	5,875
Butikofer, Marc		3,945		205		4,150	4,950
Campbell, Donna		250		–		250	–
Close, Jon		–		–		–	1,950
Coutts, David		3,334		116		3,450	–
Ferguson, Brad		2,000		–		2,000	1,975
Gardner, Doug		7,340		–		7,340	–
Logan, Marie[5]		12,967		558		13,525	3,525
Nicol, Ken		4,374		176		4,550	4,150
Ryder, Keith[6]		17,716		792		18,508	6,363
Taylor, Glenn[7]		6,844		356		7,200	8,500
Urlacher, Eva		7,378		297		7,675	3,850
		88,989		3,509		92,498	53,126
Managing Director[8]		147,525		19,137		166,662	87,883
Director of Operations[9]		113,000		11,077		124,077	–
Chief Executive Officer[10]		–		–		–	103,756
Employees reporting to Managing Director		505,266		42,482		547,748	691,029
		765,791		72,696		838,487	882,668
	$	854,780	$	76,205	$	930,985	$ 935,794

(1) Salary and honoraria includes regular base pay, lump sum payments, gross honoraria, and other remuneration.

(2) Employer's share of all employee benefits and contributions or payments made on behalf of employees including retirement pension, Canada pension plan, employment insurance, health, dental and vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, professional memberships and tuition.

(3) Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, travel and car allowances.

(4) Stepped down as Chair September 2011.

(5) Chair from October 2011 to present.

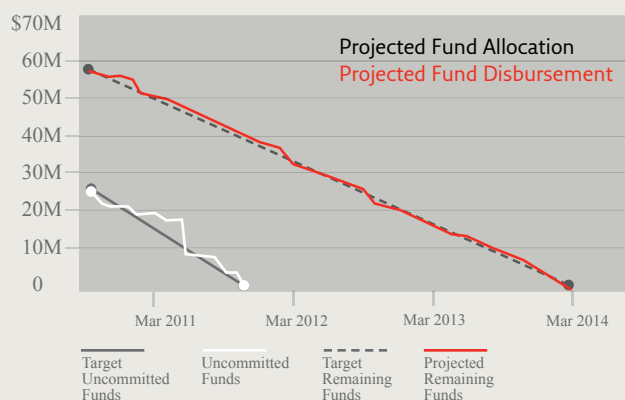(6) Vice Chair from August 2010 to present.

(7) Vice Chair from April 2010 to July 2010, chair from August 2010 to January 2011.

(8) Managing Director from October 1, 2010 to present.

(9) Director of Operations from August 26, 2010 to May 11, 2012.

(10) The Chief Executive Officer commenced employment on April 1, 2010 and was terminated effective July 2010.

TRACKING MEASURES

RADF ALLOCATION AND DISBURSEMENT

RADF allocated 100% of the Fund by March 31st, 2012 and will disperse 100% of the Fund by March 31st, 2014. This is in accordance with our Grant Agreement with the Government of Alberta.
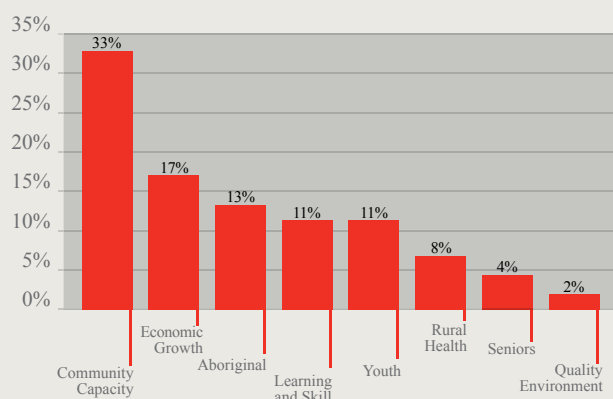
DISTRIBUTION OF RADF PROJECT OUTCOMES

The vast majority of RADF funded projects target outcomes in three or more priority sectors. To date, Community Capacity Building and Economic Growth projects dominate the anticipated and realized project outcome categories. This is consistent with our research on critical needs in rural Alberta.

96%
of Projects

Improved quality of life in rural communities

99%
of Projects

Increased community capacity in rural Alberta

93%
of Projects

Generated net positive economic impact

RADF PROJECT OUTCOMES

RADF is consistently exceeding performance targets for its three critical metrics:

Improved quality of life (95% – 100%)
Increased community capacity (95% – 100%)
Positive economic impact (90% – 95%)

Rural Alberta
Development Fund